Training and Vocational Education Programs Are Revised

Title I of the Workforce Investment Act overhauls the Job Training Partnership Act programs, creating new methods for meeting the education, training, and employment needs of low-income adults, dislocated workers, and youth. Building on past experience, it gives local organizations greater flexibility in providing services through the One-Stop approach to service delivery, and it gives individuals more control over the assistance they receive. Separate legislation overhauls the vocational education programs, providing more funding directly to the local level, while allowing States to hold back part of these funds for rural areas and other places with a particular need for training.

On August 7, 1998, President Clinton signed Public Law 105-220, the Workforce Investment Act (WIA), into law. This legislation reforms job training programs. Its key benefit is to bring together a variety of federally funded programs into one location to provide easy access to services. It uses previous experience to frame a new system that more effectively meets the needs of job seekers, of workers who want to advance themselves, and of businesses that employ them.

The Act establishes three funds that flow from the Department of Labor to to States to finance Adult Employment and Training Activities, Dislocated Worker Employment and Training Activities, and Youth Activities (fig. 1). The 1999 program year funding levels for these programs are $0.95 billion, $1.4 billion, and $1 billion, respectively. The first two activities are based on similar programs already established by the Job Training Partnership Act (JTPA), and the third activity consolidates a pair of JTPA activities (Youth Training and Summer Youth programs). As the new programs, under the Employment and Training Administration of the Department of Labor, replace the older ones, the JTPA will be phased out by July 1, 2000.

The WIA is particularly important for rural America because the economic, social, and demographic changes of the past few decades have dramatically challenged the training resources available to rural populations. The need for training programs varies according to where eligible populations live. Per capita payments vary significantly by State according to the statutory formula, which employs various measures of need (fig. 2).

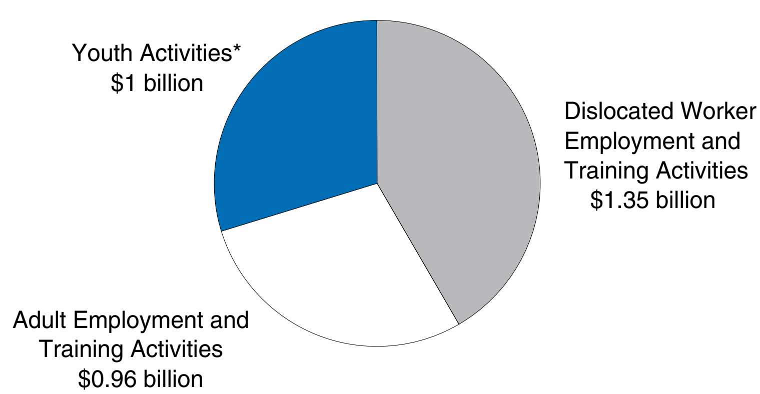
Revision Is Based on Lessons From Past State and Local Experience

Iowa provides a good example of how State and local experiences helped shape the WIA. Iowa had gone through the agricultural crises of the late 1970's and early 1980's which

Figure 1

Major components of new training programs, fiscal year 1999

The 1999 funding streams for Workforce Investment Act programs come from several Job Training Partnership Act programs



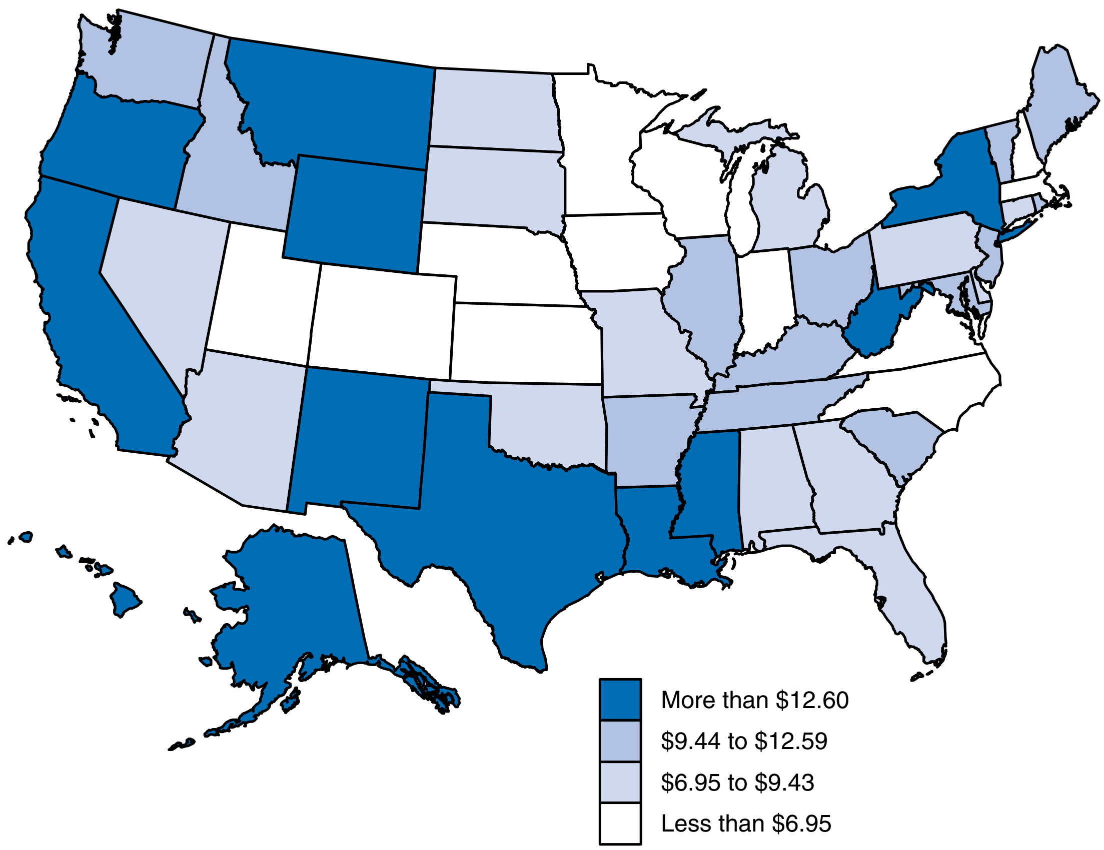
*Youth Activities program combines the JTPA Youth Training Grants ($0.13 billion) and Summer Youth Employment and Training Programs ($0.87 billion).

Source: Calculated by ERS using data from the U.S. Department of Labor.

Figure 2

Per capita State allotments from job training programs in Workforce Investment Act, fiscal year 1999

Highest payments are in the Northwest and South Central regions



Source: Calculated by ERS using data from the U.S. Department of Labor.

resulted in further farm consolidation and the displacement of agricultural workers with no other job experience. At the same time, there had been a shift away from traditional manufacturing practices, which challenged—and sometimes frightened—both labor and management. Iowa was particularly hard hit by these factors. By the mid-1980's, the Iowa Government had begun experimental public workfare development programs. They recognized that having multiple offices for various programs was inefficient, particularly in a time of shrinking budgets. So they combined and integrated a variety of programs into what became known as the "One-Stop" approach. State Government was streamlined by reducing the number of old departments by one-third in 1986 and creating a Department of Workforce Development a decade later.

Although Iowa has a number of medium-sized cities, such as Des Moines, Cedar Rapids, Davenport, and others, which face their own problems in the changing economy, the overwhelming majority of Iowa counties are rural. An example in the evolution of the One-Stop idea occurred in the circle of seven counties centered on the town of Creston (population 3,000). Five of these counties had lost their largest employer, and along with the rest of Iowa, the number of residents employed in agriculture had declined by 30 percent during the preceding two decades. A central office was set up in Creston, but distance and poor transportation created difficulties for customers in outlying areas. To ameliorate this problem, workers from the center would often spend 1 day in other towns using space donated by local government, schools, or other cooperating institutions.

Both Iowa and its Creston district typified developments in States throughout the Nation as they faced the massive economic, social, and demographic changes of the late 20th century. These experiences, and the experiments made at State and local levels no doubt had a strong influence on the authors of the Workforce Investment Act.

How the Workforce Investment Act Works

The WIA is more sensitive to the changing conditions in America as a new century approaches than were the previous JTPA programs. The WIA proposes that One-Stop centers be developed and managed locally so that the needs of both job seekers and employers are met. The centers must give the customers access to information about training, education, and employment. To get into training programs, customers are screened and then choose organizations which will provide the programs they believe they need. The providers, moreover, must share their success rate with potential customers.

State and local boards play an important role in this program. Title I of the Act authorizes a Workforce Investment System, with each State establishing a Workforce Investment Board that is responsible for developing a 5-year strategic plan. Governors designate and oversee local workfare investment areas (similar to the seven-county Creston, Iowa, area), and each local area establishes a local board. Both the State and local boards will have representatives from labor, educational, and other groups, but business representatives must be in the majority. Local boards will include Youth Councils as a subgroup in order to deal with specific issues related to youth. The local boards will designate the One-Stop operators and partners who guide customers in selecting education, job training, and other services. The State and local boards cooperate in deciding the initial standards for training service providers and in judging their success. State and local boards will also have considerable flexibility, rather than adhering to a Federal standard of "one size fits all." State and local boards will also cooperate with the managers of continuing activities, such as the Job Corps, Native American, and Migrant and Seasonal Farmworker programs.

The Workforce Investment Act differs from most previous programs because it responds flexibly to the needs of a local area as well as to the unique needs of individuals through the One-Stop system. The separate funding streams for adults and dislocated workers provide for One-Stop service on three levels: core services, intensive services, and training services. Core services are the most basic. At the very outset they determine the eligibility of the customer and make an initial assessment; then they may move onto providing labor market information, career counseling, job search and placement information, or information on training providers, determining eligibility for Welfare-to-Work, other supportive services, and a follow-up service. Intensive services are for unemployed adults and dislocated workers who cannot get jobs through core services and for those who the One-Stop operator determines are in need of further assistance. In most cases, the local board contracts with approved public or private service providers. Intensive service providers do diagnostic tests, help the individual develop an employment plan, give group and individual counseling, and provide similar assistance. Training service programs are for those for whom intensive services have not succeeded in finding or holding employment. The One-Stop system evaluates them to see if they have the qualifications to participate in training which interests them and to see if the training would help them. The training must be for occupations in their locality or other areas where they are willing to move. In local areas where funds are limited, low-income individuals have priority for both intensive services and training services. The authorization for transportation assistance and such other support services is especially helpful in rural areas. The key to the success of these services is the customers' sense of individual responsibility in choosing—with counseling—the training which will give them the skills and credentials to succeed.

Eligible youth are those aged 14 through 21 and with low income. They must also meet one or more of the barriers to entry into employment: dropout from school; literary skill deficiency; homeless, runaway, or foster child; a parent or pregnant; an offender; facing problems completing education or getting or keeping a job. Youth customers are prepared for the workforce through a combination of academic and occupational learning and work experience. Youth participants have a broad range of preparatory programs capped with at least a year's follow-up services.

The centers will keep current on employment opportunities and provide customers with realistic job searches and career counseling. Efficiencies can be expected by having job seekers in one location. As the centers gain experience, they can more easily set standards for providers by measuring both customer and employer satisfaction. Providers must initially meet established criteria and maintain or improve indicators such as completion rates of customers, the percentage of participants who get unsubsidized jobs, and wage levels.

Titles II and IV reauthorized the Adult Education and Literacy programs for fiscal years 1999-2003 and the Rehabilitation Act programs through FY 2003. These programs are also linked to the State and local Workforce Investment system. Title V is a catchall with general provisions, such as incentive grants to States that surpass previously set performance levels, as well as provision for orderly transition from earlier programs such as the Job Training Partnership Act.

In conclusion, the Workforce Investment Act marks a distinct departure from the types of programs that have existed for 60 years or more. The new programs rely upon State and, especially, local boards that are familiar with the circumstances of the area and have the potential for making innovations. The customers must also take individual initiative within a market-driven system, thereby giving a sense of empowerment hitherto often lacking.

Vocational and Technical Education Assistance Also Is Revised

Congress revised Federal vocational and technical education assistance in separate legislation, the Carl D. Perkins Vocational and Technical Education Act of 1998 (P.L. 105-332), in October 1998. This assistance, currently funded at about $1.15 billion, helps students achieve high academic and skill standards at secondary and post-secondary schools that run technical training programs, and, hence, it is important in meeting the growing need for skilled workers in today's increasingly high technology economy.

Along with the WIA, this legislation promotes the development of seamless, One-Stop, education and workforce development systems. The new legislation drops some requirements, providing State and local institutions greater flexibility to design systems to meet their needs. It also creates a State performance accountability system with incentive grants for States that exceed agreed-upon performance goals. The legislation also reauthorizes Tech-Prep programs that promote work-based learning and the use of new technologies, and it encourages partnerships with business, labor organizations, and institutions of higher education.

The new legislation also shifts more control of funds from the State to the local level, giving local organizations and schools 85 percent of the funding, up from 75 percent. Beginning in program year 2000 (which starts July 1, 1999), States will be allowed (but not required) to reserve up to 10 percent of the 85 percent of local funding to award grants to two or more of the following categories of places: (1) rural areas; (2) areas with high percentages of vocational and technical education students; (3) areas with high numbers of vocational and technical students; and (4) communities negatively impacted by changes in the formula. Thus, some rural areas could receive more assistance in States that choose to reserve funds for them. *[Lowell Dyson, 202-694-5348, lkdyson@econ.ag.gov]*